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VIA ELECTRONIC FILING

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Petition for Waiver of Big Bend Telephone Company, Inc., *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208

Dear Ms. Dortch:

Yesterday, Justin Haynes, Joan Johnson, and Rusty Moore of Big Bend Telephone, Inc. (“BBTC”) and Priscilla Delgado Argeris and the undersigned of Wiley Rein LLP, counsel to BBTC, met with Carol Matthey, Deputy Bureau Chief, Wireline Competition Bureau, and Amy Bender and Gary Seigel of the Telecommunications Access Policy Division, Rodger Woock and James Eisner of the Industry Analysis and Technology Division, and Patrick Halley of the Office of the Bureau Chief of the Wireline Competition Bureau. The purpose of the meeting was to discuss the petition filed by BBTC seeking a waiver of three of the Commission’s new USF rules: (i) the \$250 per line monthly cap on High Cost Loop Support (“HCLS”);¹ (ii) the updated and extended limits on recovery of corporate operations expenses applied to HCLS and Interstate Common Line Support (“ICLS”);² and (iii) the

¹ *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90, FCC 11-161, Appendix A, Section 54.302 (rel. Nov. 18, 2011).

² *Id.* Appendix A, Section 36.621(a)(4).



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planned application of a regression analysis to limit reimbursable capital and operating expenses for HCLS.³

The participants discussed the challenges faced by BBTC in serving its 17,593-square mile territory in the Trans-Pecos region of West Texas. BBTC faces extremely high costs due to the sheer size of its territory, low density, its location on the U.S.-Mexico border, terrain challenges, and demographic challenges. To address these challenges, BBTC has deployed a range of cost-effective network solutions that utilize wireline, wireless, and satellite technologies.

Despite these efforts, without a waiver, the net effect of the FCC's new rules will cause BBTC to default on its loan covenants as early as next year and run out of cash by 2016. Consequently, consumers in the area will be at risk of losing access to terrestrial voice and broadband services because BBTC is the only terrestrial provider that covers the entire service area and the alternative providers of terrestrial voice and broadband services in the service area all rely on BBTC for transport services. In addition, national security would be threatened as a number of federal and state institutions tasked with securing the border would lose access to the critical communications services that BBTC currently provides.

Sincerely,

/s/ Thomas J. Navin
Thomas J. Navin

Enclosures

cc: Carol Matthey
Amy Bender
Rodger Woock
James Eisner
Patrick Halley
Gary Seigel

(Continued . . .)

³ *Id.* ¶ 210 & ¶¶ 225-26.

Big Bend Telephone Company Petition for Waiver

- Big Bend Telephone Company seeks a waiver of three of the FCC's new USF rules: (1) the \$250 cap on High Cost Loop Support (HCLS); (2) the updated corporate cap limitation on HCLS and its application to ICLS; and (3) the proposed application of a regression analysis to limit reimbursable capital and operating expenses for HCLS.
- Absent a waiver, consumers and critical anchor institutions, including DHS, the U.S. Border Patrol, U.S. Customs and other federal and state agencies that secure the nation's border, would be at risk of losing access to reliable terrestrial voice and broadband services as soon as next year.
- Big Bend faces extremely high costs due to the sheer size of its territory, low density, its location on the border, terrain challenges and demographic challenges.
 - Big Bend serves [REDACTED] customers with telephony and broadband service in its 17,593 square mile territory—or 0.3 lines per square mile—in the Trans-Pecos region of West Texas. This territory is larger than the state of Massachusetts with a population of just 8,000.
 - This service territory includes 485 miles of United States border with Mexico (that is 25% of the entire 1,954 miles of that border from Brownsville to San Diego).
 - Much of Big Bend's territory contains desert and mountainous terrain, including five mountain ranges, with fifteen mountains with an elevation of 5,000 feet and a vertical rise of over 4,000 feet.
 - The territory includes 15,716 road miles, only 12 percent of which are surfaced.
 - Many of Big Bend's facilities are so remote and difficult to reach that the company must power them by propane or solar energy because the local electric utility will not service the sites.
 - Many of Big Bend's service trucks cover 40,000 miles or more annually.
 - 20 percent of Big Bend's customers are Lifeline customers. And, the only area in Big Bend's territory that is more densely populated—the town of Presidio—faces socioeconomic challenges that constrain the company's ability to recoup investments through higher rates or nonregulated services.
- Big Bend has been solving its challenges by using multiple and innovative network solutions to achieve a cost-effective solution. Even so, Big Bend's average loop cost is approximately [REDACTED] per loop.
- Texas law requires Big Bend, as the carrier of last resort, to serve all of its customers with a minimum of a 14.4 kbps transmission speed. To meet this requirement for Big Bend's 570 most remote customers, the interstate revenue requirement is [REDACTED]

REDACTED—FOR PUBLIC INSPECTION

- All alternative providers of voice *and* broadband in the territory rely on Big Bend for backhaul services.
 - Big Bend is the only provider of terrestrial voice telephony that covers its entire service area. Apart from limited mobile broadband coverage, Big Bend is the only provider of broadband services that meet the Commission's speed requirements.
 - All of the alternative providers of voice and broadband services in the territory (AT&T Mobility, Verizon Wireless and Mountain View Cable Systems (which does not offer voice)) rely on Big Bend for transport services.
- Big Bend has already taken steps to become as cost-effective as possible.
 - To serve its most remote customers, Big Bend uses satellite radio transmission technology in the local loop because burying traditional plant to these customers was cost-prohibitive. Estimates procured in 1994 showed that burying plant to all of its customers would have cost upwards of [REDACTED] at that time.
 - Big Bend is now migrating many of its most remote customers to a newer Motorola Canopy solution to reduce operating costs, but that process takes time and will require adequate cash flow to finance.
 - Big Bend is already leanly staffed with just [REDACTED] employees. Its employees are trained to handle all types of service requests.
 - The company has already decreased its employee benefits.
- Absent a waiver, the new USF rules will put Big Bend out of business and put consumers at risk of losing voice and broadband services.
 - Absent a waiver of the three rules, Big Bend will default on its loans by next year and be out of cash by 2016.
 - Big Bend cannot remove facilities from service to stay in business. Instead, Big Bend will be required to seek decertification.
 - This will impact all terrestrial communications providers in Big Bend's service area that rely on it for transport services. There is no business case for these providers to build additional infrastructure to provide services on their own.
 - As a result, consumers and anchor institutions—including schools, health clinics, and law enforcement institutions—in its service area will be at risk of losing access to voice and broadband services.
 - And, national security will be threatened as half of the Texas border with Mexico will go dark with no alternative provider of the types of services that Big Bend provides.

Anchor Institutions That Would Be Affected by Service Disruptions:

Comstock ISD	McCamey ISD
Terrell County ISD	Crane ISD
Big Bend National Park San Vicente CSD	Valentine ISD
Terlingua ISD	University of Texas McDonald Observatory
Alpine ISD	Texas Region 18 Education Service Center
Fort Davis ISD	Sul Ross State University
Presidio ISD	Midland College
Marathon ISD	Banks and Credit Unions
Marfa ISD	Public Libraries - 8
Fort Stockton ISD	Hospitals and Health Clinics - 6
Iraan Sheffield ISD	Public Housing Authorities

Law Enforcement and Homeland Security Entities Served with High Capacity Circuits, Broadband and Voice Services:

Department Homeland Security (DHS) Highway Check Points – 4
DHS International Border Crossings – 2
DHS Port of Entry - 2
DHS Administrative Facilities – 7
DHS Housing Facilities – 3
Department of Immigration, Customs and Enforcement
Department of Defense – Air Force Radar Surveillance Balloon Site
Department of the Interior – Big Bend National Park
Federal Aviation Administration
Federal Motor Carrier Safety Administration
U. S. Weather Service
Texas Department of Public Safety including Highway Patrol and Texas Rangers
Texas Department of Corrections
Texas Department of Parks and Wildlife including Game Wardens
Texas Department of Transportation
County Judges, County Administration, Fire Departments, Sheriffs' Departments and Police
Departments of Brewster, Presidio, Terrell, Jeff Davis, Pecos, Pecos, Crane, and Val Verde counties
911 Facilities

REDACTED—FOR PUBLIC INSPECTION

Exhibit 1

BBTC Network Map

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REDACTED—FOR PUBLIC INSPECTION

Exhibit 2

Estimated Cellular Coverage in BBTC Territory

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